



Matthew F. Wood, Free Press Action
Answers Submitted February 17, 2026

to

Questions for the Record from Mr. Jerrold Nadler, for the January 7th, 2026 Hearing
“Full Stream Ahead: Competition and Consumer Choice in Digital Streaming”

1. Movie theatres rely on robust production from the studios to make ends meet. Consumers want a diverse, vibrant array of offerings when they are planning a night at the movies with their families, and that requires studios to produce as many interesting films as possible to put on their screens. Unfortunately, evidence from previous deals shows that consolidation between studios has led to a significant decline of production. According to a statement for the record from cinema trade association Cinema United, “after the Disney-Fox merger, for example, the entities produced about half the movies they did annually pre-merger (even putting aside pandemic-impacted years),” from 26 for the two independent studios to just 14 in 2024.

Mr. Wood, how will an acquisition of Warner Bros. by Netflix or Paramount affect production of movies and tv shows, and what will that mean for the industry, entertainment workers, and consumers?

Thank you for the question, Ranking Member Nadler. In my written testimony for this hearing, I said that after any combination of Warner Bros. Discovery with either Netflix or Paramount Skydance, the post-merger company would reduce output and raise prices if it could do so profitably. I also noted that creative workers’ unions and movie-theater owners consistently explained leading up to this hearing that the outcome of relatively recent studio changes were bleak. For instance, press accounts reported job losses in the thousands after the formation of Paramount Skydance, and after the Disney acquisition of 20th Century Fox your question cites.

My testimony went on to say that after Disney took on those Fox studio assets, in the last major merger between what are now Hollywood’s “Big 5” studios, that combined entity’s “number of wide-release feature films in theaters dwindled.” My basis for that assertion was the same Cinema United research and analysis to which your question refers.

While past practices and results from prior mergers do not guarantee future conduct, these examples are tremendously informative and instructive, as well as worrying. The notion that merging parties will reduce output if they may do so profitably is also textbook economic theory, and one of the main motivations for Sherman Act and Clayton Act provisions prohibiting unlawful restraints of trade, monopolization, and mergers that substantially lessen competition.

A potential reduction in the number of movies and TV shows by a post-merger entity that gobbles up Warner Bros. Discovery is a concerning likelihood, for a number of related reasons. First, companies typically merge to save on expenditures, not to increase them. While the synergies that the merged firm realizes may indeed be real, there is no reason for the newly combined company to pass along any or all of those efficiencies to its customers if it can profitably reduce output and pocket the savings instead. In the absence of effective competition, the handful of firms left in a relevant product market have less need and less incentive to differentiate their products from one another, and can more readily reduce supply and increase price if consumers have fewer alternatives to which they can or will switch in response.

The consequences of such a chain of events—for the industry, for entertainment workers, and for consumers on the whole—are readily apparent. A post-merger studio or streamer combining Warner Bros. Discovery with either Netflix or Paramount Skydance could act completely rationally to reduce its number of theatrical releases or other major projects. That would in turn lead to fewer production and job opportunities for writers, directors, actors, behind-the-scenes artists and technicians, and all categories of creative workers. And it could lead to fewer choices, higher prices, or both of those bad outcomes for the viewing public.

In our experience at Free Press Action, where we have tracked consolidation trends across the media, technology, and telecom sectors and opposed many harmful deals over the last two decades, merger applicants' promises not to engage in this kind of behavior are quite often not worth the paper they are written on. That's because companies often make promises regarding their post-merger plans that are materially no different from what they have guided investors to expect even in the absence of the merger du jour. In other words, if Netflix or Paramount Skydance were to suggest that they do not intend to reduce output in the ways discussed above, that could be merely a reflection of what the separate companies would have produced in the aggregate but for the merger—not a merger-specific benefit enjoyed by the public.

Furthermore, however sincere such companies' promises offered to win regulatory approval are when they are first made, the post-merger firm can change its plans and abandon its promises with few to no consequences. It is very difficult for the government to enforce merger conditions after a deal is consummated and the erstwhile competitors have combined. Remedies such as unwinding an entire transaction are quite rare and always extraordinary. And even attempts at enforcing specific performance are difficult, and often amount to little more than a slap on the wrist (if that) for any post-merger entity that can profit by backing away from its commitments.

2. Movie theatres are not just important gathering places, but significant economic engines for the communities they serve. They generate foot traffic and drive additional spend adding up to billions of dollars at local restaurants and retail outlets nationwide.

Mr. Wood, how do anchor establishments like theatres stimulate economic activity, and how would the acquisition of Warner Bros. by Netflix or Paramount affect local communities both economically and culturally?

While I am not an expert in these broader economic and socio-economic issues, I would once again credit the comprehensive Statement for the Record prepared by Cinema United for this hearing.

As that statement explained, theaters can act “as cultural and economic engines for the communities they serve.” Per Cinema United, any local movie theater “anchors foot traffic, supports nearby small businesses, and keeps local dollars in local communities.” The association’s Statement for the Record also cited recent economic research commissioned by theater owners, which “shows that for each dollar spent in a local movie theatre, an additional \$1.50 is spent at surrounding businesses—including restaurants, bars, shopping centers, transportation, and other businesses in the community.” The same study concluded, according to Cinema United, that “[l]ess foot traffic, in turn, equals less revenue and fewer jobs for the entire community,” as it explained as well that the “exhibition industry also creates and support[s] jobs across a broad range of professions throughout the country.”

In sum, the research cited by Cinema United suggests that the “dining and retail spend associated with movie theatre visits adds up to billions of dollars spent at local restaurants and retail outlets nationwide.” Any reduction in the number of theatrical releases, from a hypothetical post-merger entity in the current fight to acquire Warner Bros. Discovery, could reduce the quantity and quality of theatrical releases. Those releases are an essential input for movie theaters’ businesses, and thus a critical driver of this follow-on economic, civic, and cultural activity at surrounding Main Street businesses too.

3. I am deeply concerned about the state of competition in the industry today in the wake of decades of consolidation. In the past, Congress has enacted laws to establish ownership caps, restrictions on vertical integration, and other pro-competitive solutions to ensure that the media landscape is competitive and diverse.

Mr. Wood, what recommendations do you have for the Subcommittee to explore to address some of the concerns that have been raised in today’s hearing, not just about the merger before us, but about the overall competitive vibrancy of the media industry?

Free Press and Free Press Action have been working for decades to educate lawmakers and the public on the dangers that media consolidation poses to our democracy, economy, and culture. As our organizations’ mission statement explains, we believe that positive social change, racial justice, and meaningful engagement in public life require equitable access to technology, diverse and independent ownership of media platforms, and journalism that holds leaders accountable and tells people what’s actually happening in their communities. Runaway media consolidation and conglomeration make those goals less possible, as ownership and narrative-making move further and further away from communities, or even from a competitive commercial setting, towards centralized, homogenized, and (especially under the current Trump administration) politicized control. That’s why we share your deep concern, and we greatly appreciated the opportunity to discuss these issues at this hearing.

Free Press and Free Press Action also have long fought to preserve some of the last few structural media ownership limits on the books, despite decades of wrongful rollbacks at the Federal Communications Commission and elsewhere. For example, we are currently working together with a broad coalition of labor unions, public interest groups, and industry participants as well, to oppose the proposed Nexstar/TEGNA broadcast television merger. If approved in anything like its current form, that deal would grant unprecedented control over broadcast airwaves to a single conglomerate. To add legal insult to public policy injury, it would do so in blatant violation of a 39 percent national audience reach cap for broadcast station owners, specifically established by Congress in 2004, and thus outside of the FCC's power to waive, modify, or eliminate.

The Nexstar/TEGNA broadcast deal is squarely in the jurisdiction of the FCC, unlike any merger between the studios and streaming platforms at the center of this hearing. I must note though that while we continue to defend and seek to apply these crucial structural ownership limits in the special context of broadcasting over the public airwaves, our organizations have not typically supported the expansion of such limits to other sub-sectors, nor other sector-specific moratoria on horizontal or vertical media mergers. That is because of not only the economic and antitrust considerations such measures would posit, but the First Amendment and free expression issues in play in any regulation of these industries. And we certainly would not support any congressional expansion or agency claim of FCC jurisdiction over the studio and streaming businesses of Netflix, Warner Bros. Discovery, and Paramount Skydance at issue in the proposed mergers here.

Instead, we would urge this Subcommittee to continue conducting rigorous oversight of the antitrust enforcement process, to ensure that neither political favoritism nor extraneous culture war considerations dissuade the Department of Justice or the Federal Trade Commission in their faithful execution of the laws Congress wrote. Key to examining any Warner Bros. acquisition attempt, or any merger for that matter, is careful study and analysis of the relevant product markets—not a simplistic notion that we could or should have a major rewrite of the country's media and telecom laws to artificially treat all players in the modern technology sector the same.

We have also long held that preservation of the open internet as a common carriage advanced telecommunications platform, along with comprehensive privacy law to prevent civil rights abuses and other unfair practices, plus maintenance of platforms' First Amendment rights and statutory safeguards to curate and moderate content, are the proper legal frameworks to complement diligent antitrust enforcement in the promotion of the competition, localism, and diversity needed for a vibrant media ecosystem.